

CITY OF BISMARCK EMPLOYEES PENSION FUND
INVESTMENT PERFORMANCE REPORT AS OF DECEMBER 31, 2007

	December-07				September-07				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter		Allocation		Quarter		Fiscal YTD	FY07	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2007 Net	6/30/2007 Net
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	1,396,232	2.7%	2.7%	-1.45%	1,419,935	2.7%	2.7%	0.41%	-1.04%	21.75%	13.79%	N/A
Total Structured Growth	1,396,232	2.7%	2.7%	-1.45%	1,419,935	2.7%	2.7%	0.41%	-1.04%	21.75%	13.79%	11.59%
Russell 1000 Growth				-0.77%				4.21%	3.41%	19.04%	8.70%	9.28%
<i>Structured Value</i>												
LSV	1,497,251	2.9%	3.0%	-5.86%	1,604,731	3.1%	3.0%	-1.05%	-6.85%	23.29%	19.11%	16.46%
Russell 1000 Value				-5.80%				-0.24%	-6.03%	21.87%	15.93%	13.31%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	1,309,123	2.5%	2.5%	-1.46%	1,490,247	2.9%	2.8%	0.07%	-1.39%	20.43%	13.31%	11.77%
Russell 1000				-3.23%				1.98%	-1.31%	20.43%	12.34%	11.33%
<i>Enhanced S&P 500 Index</i>												
Northern Trust	1,007,430	1.9%	2.0%	-4.71%	1,358,256	2.6%	2.6%	0.34%	-4.39%	19.26%	11.40%	10.53%
Westridge	1,298,015	2.5%	2.6%	-3.10%	1,771,982	3.4%	2.6%	2.18%	-0.99%	21.05%	12.00%	11.00%
Wells Capital	1,023,981	2.0%	2.0%	-13.04%	1,196,797	2.3%	2.0%	4.26%	-9.34%	30.71%	N/A	N/A
European Credit Management	468,000	0.9%	0.9%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	0.00%
Franklin	941,303	1.8%	2.0%	-4.58%	1,005,473	1.9%	2.0%	-0.71%	-5.26%	N/A	N/A	N/A
Total Enhanced S&P 500 Index	4,738,729	9.2%	9.5%	-5.87%	5,332,509	8.3%	9.2%	1.60%	-4.36%	21.56%	11.94%	11.24%
S&P 500				-3.33%				2.03%	-1.37%	20.59%	11.68%	10.71%
<i>Absolute Return Strategy</i>												
Epoch	457,445	0.9%	0.9%	-2.48%	282,181	0.5%	0.9%	0.06%	-2.43%	N/A	N/A	N/A
S&P 500				-3.33%				2.03%	-1.37%			
<i>S&P 500 Index</i>												
State Street	650,558	1.3%	1.4%	-5.86%	694,549	1.3%	1.4%	-0.79%	-6.61%	21.86%	12.41%	11.15%
S&P 500				-3.33%				2.03%	-1.37%	20.59%	11.68%	10.71%
TOTAL LARGE CAP DOMESTIC EQUITY	10,049,338	19.4%	20.0%	-4.76%	10,824,152	20.8%	20.0%	0.70%	-4.09%	21.66%	13.61%	12.15%
S&P 500				-3.33%				2.03%	-1.37%	20.59%	11.68%	10.71%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	4,218,115	8.2%	8.6%	-6.46%	4,194,144	8.1%	8.6%	-4.25%	-10.43%	17.13%	13.31%	14.32%
Russell 2000 + 200bp				-4.09%				-2.60%	-6.59%	18.76%	15.72%	16.16%
Callan	1,805,931	3.5%	3.4%	-4.56%	1,851,282	3.6%	3.4%	-1.14%	-5.66%	21.00%	N/A	N/A
Russell 2000				-4.58%				-3.09%	-7.53%	16.44%		
TOTAL SMALL CAP DOMESTIC EQUITY	6,024,046	11.7%	12.0%	-5.88%	6,045,426	11.6%	12.0%	-3.32%	-9.01%	17.89%	13.50%	14.44%
Russell 2000				-4.58%				-3.09%	-7.53%	16.44%	13.45%	13.88%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	553,214	1.1%	1.1%	-4.44%	576,839	1.1%	1.1%	1.42%	-3.08%	27.82%	20.73%	15.09%
MSCI EAFE (1)				-1.75%				2.18%	0.39%	27.00%	20.77%	14.70%
<i>Large Cap - Active</i>												
Capital Guardian	1,701,624	3.3%	3.3%	-1.21%	1,735,586	3.3%	3.3%	-0.21%	-1.41%	26.04%	21.52%	14.83%
LSV	1,584,430	3.1%	3.3%	-5.87%	1,677,166	3.2%	3.3%	-3.20%	-8.89%	29.94%	N/A	N/A
Bank of Ireland	510,453	1.0%	1.1%	-7.93%	552,329	1.1%	1.1%	-4.43%	-12.00%	25.29%	19.70%	13.72%
Total Large Cap - Active	3,796,507	7.3%	7.7%	-4.12%	3,965,081	7.6%	7.7%	-2.09%	-6.12%	27.58%	22.64%	15.45%
MSCI EAFE - 50% Hedged				-2.19%				0.11%	-2.08%	26.94%	22.55%	15.71%
<i>Small Cap - Active</i>												
Lazard	164	0.0%	0.0%	-26.49%	535,271	1.0%	1.1%	-3.54%	N/A	24.18%	22.99%	21.28%
DFA	489,156	0.9%	1.1%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Wellington	548,074	1.1%	1.1%	-4.48%	571,147	1.1%	1.1%	-0.96%	-5.40%	26.62%	20.49%	21.40%
Total Small Cap - Active	1,037,393	2.0%	2.2%	-4.71%	1,106,418	2.1%	2.2%	-2.23%	-6.83%	25.39%	21.75%	21.34%
Citigroup Broad Market Index < \$2BN				-5.94%				-0.66%	-6.55%	28.60%	26.33%	25.39%
TOTAL INTERNATIONAL EQUITY	5,387,115	10.4%	11.0%	-4.26%	5,648,339	10.8%	11.0%	-1.77%	-5.96%	27.21%	22.14%	16.66%
MSCI EAFE - 50% Hedged				-2.19%				0.11%	-2.08%	26.94%	22.55%	15.71%
EMERGING MARKETS EQUITY												
<i>Core</i>												
JP Morgan	215,867	0.4%	0.3%	5.71%	222,954	0.4%	0.3%	11.70%	18.07%	46.07%	N/A	N/A
PanAgora	210,651	0.4%	0.3%	3.21%	222,885	0.4%	0.3%	15.67%	19.38%	46.34%	N/A	N/A
WestLB	213,547	0.4%	0.3%	5.94%	221,702	0.4%	0.3%	14.72%	21.54%	42.11%	N/A	N/A
UBS	314,780	0.6%	0.6%	5.27%	389,321	0.7%	0.6%	14.81%	20.85%	42.04%	N/A	N/A
Total Core	954,844	1.8%	1.6%	5.07%	1,056,862	2.0%	1.6%	14.30%	20.10%	43.90%	37.74%	29.07%
MSCI Emerging Markets				3.66%				14.52%	18.71%	45.45%	38.67%	21.67%
<i>Small Cap</i>												
DFA	209,381	0.4%	0.4%	0.06%	234,160	0.4%	0.4%	7.40%	7.46%	68.14%	N/A	N/A
MSCI Emerging Markets				3.66%				14.52%	18.71%	45.45%		
<i>Private Equity</i>												
Capital International	23,263	0.0%	0.0%	-5.35%	8,846	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
MSCI Emerging Markets												
TOTAL EMERGING MARKETS EQUITY	1,187,488	2.3%	2.0%	4.12%	1,299,868	2.5%	2.0%	12.77%	17.41%	48.23%	38.70%	29.61%
MSCI Emerging Markets				3.66%				14.52%	18.71%	45.45%	38.67%	30.66%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	1,519,047	2.9%	2.5%	0.80%	1,683,574	3.2%	3.2%	2.08%	2.89%	7.00%	4.29%	5.59%
Lehman Aggregate				3.00%				2.84%	5.93%	6.12%	3.98%	4.48%
<i>Index</i>												
Bank of ND	3,117,516	6.0%	7.3%	3.34%	3,028,357	5.8%	7.3%	3.15%	6.60%	5.69%	3.78%	4.49%
Total Index	3,117,516	6.0%	7.3%	3.34%	3,028,357	5.8%	7.3%	3.15%	6.60%	5.69%	3.92%	4.50%
Lehman Gov/Credit				3.10%				3.01%	6.20%	6.00%	3.84%	4.69%
<i>Convertibles</i>												
Calamos (2)	1,485,380	2.9%	2.5%	-0.03%	1,790,289	3.4%	3.2%	3.50%	3.47%	N/A	N/A	N/A
Total Convertibles	1,485,380	2.9%	2.5%	-0.03%	1,790,289	3.4%	3.2%	3.50%	3.47%	12.55%	5.57%	3.31%
Merrill Lynch All Convertibles (3)				-3.25%				1.01%	-2.27%	15.38%	8.30%	10.89%
<i>BBB Average Quality</i>												
Wells Capital	1,522,301	2.9%	2.5%	1.86%	1,670,661	3.2%	3.2%	1.91%	3.81%	9.12%	5.96%	6.71%
Lehman BBB				1.90%				1.67%	3.60%	7.54%	4.47%	6.43%

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	Market Value	Allocation	Quarter	Net ROR	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY07	Ended	Ended
			Policy				Policy		Net ROR	Net ROR	6/30/2007	6/30/2007
											Net	Net
Private Debt												
Prudential	1,585,872	3.1%	2.5%	1.97%	1,609,890	3.1%	3.2%	1.88%	3.88%	7.16%	N/A	N/A
Lehman Aggregate				3.00%				2.84%	5.93%	6.12%		
Timberland												
TIR - Teredo (4)	1,436,175	2.8%	2.8%	14.92%	1,305,261	2.5%	2.5%	-0.17%	14.72%	26.95%	12.73%	12.23%
TIR - Springbank	2,734,407	5.3%	5.3%	-0.46%	2,762,989	5.3%	5.3%	-0.07%	-0.54%	26.90%	N/A	N/A
Total Timberland	4,170,582	8.1%	8.1%	4.47%	4,068,250	7.8%	7.8%	-0.11%	4.36%	27.33%	26.21%	20.09%
NCREIF Timberland Index				3.90%				3.90%	7.95%	11.89%	15.17%	11.37%
Infrastructure												
JP Morgan	1,950,922	3.8%	3.8%	0.18%	683,804	1.3%	1.3%	-0.69%	-0.51%	N/A	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	15,351,619	29.7%	29.0%	2.38%	14,534,825	27.9%	29.0%	1.68%	4.10%	12.52%	11.43%	10.17%
Lehman Aggregate				3.00%				2.84%	5.93%	6.12%	3.98%	4.48%
HIGH YIELD BONDS												
Core												
Loomis Sayles	1,506,015	2.9%	2.7%	-0.92%	1,471,178	2.8%	2.8%	0.37%	-0.55%	13.37%	11.25%	N/A
Sutter/Wells Capital	1,338,372	2.6%	2.7%	0.30%	1,373,463	2.6%	2.8%	-3.19%	-2.90%	9.82%	8.02%	N/A
Total Core	2,844,387	5.5%	5.5%	-0.33%	2,844,641	5.5%	5.7%	-1.39%	-1.71%	11.59%	9.63%	5.67%
LB High Yield 2% Issuer Constrained Index				-1.07%				0.40%	-0.67%	11.22%	8.70%	N/A
Mezzanine Debt												
Goldman Sachs 2006 Fund	68,133	0.1%	0.1%	1.03%	65,854	0.1%	0.1%	-1.07%	-0.05%	7.39%	N/A	N/A
Goldman Sachs Fund V	55,039	0.1%	0.1%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
TCW	113,056	0.2%	0.2%	0.54%	101,021	0.2%	0.2%	-2.96%	-2.44%	N/A	N/A	N/A
Total Mezzanine Debt	236,227	0.5%	0.5%	0.63%	166,875	0.3%	0.3%	-1.72%	-1.10%	7.39%	N/A	N/A
LB High Yield 2% Issuer Constrained Index									-0.67%	11.22%		
Distressed Mortgages												
PIMCO	39,313	0.1%	0.1%	0.00%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Declaration Management	-	0.0%	0.0%	N/A	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
Total Distressed Mortgages	39,313	0.1%	0.1%	0.00%	-	0.0%	0.0%	N/A	N/A	N/A	N/A	N/A
LB High Yield 2% Issuer Constrained Index												
TOTAL HIGH YIELD BONDS	3,119,928	6.0%	6.0%	-0.22%	3,011,517	5.8%	6.0%	-1.35%	-1.56%	11.62%	9.64%	11.24%
LB High Yield 2% Issuer Constrained Index				-1.07%				0.40%	-0.67%	11.22%	8.77%	11.75%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	2,301,436	4.5%	4.8%	3.31%	2,244,939	4.3%	4.8%	7.48%	11.05%	0.21%	2.69%	6.66%
Citigroup Non-US Gov't Bond Index (5)				3.91%				8.10%	12.33%	2.22%	3.23%	6.89%
International Core												
Brandywine	2,406,526	4.7%	4.8%	2.60%	2,327,924	4.5%	4.8%	5.77%	8.52%	6.63%	7.38%	N/A
Lehman Global Aggregate (ex-US)				3.38%				7.35%	10.98%	3.78%	5.22%	N/A
TOTAL INTERNATIONAL FIXED INCOME	4,707,962	9.1%	9.5%	2.95%	4,572,863	8.8%	9.5%	6.60%	9.75%	3.41%	5.03%	8.23%
Citigroup Non-US Gov't Bond Index (5)				3.91%				8.10%	12.33%	2.22%	3.27%	6.92%
REAL ESTATE												
INVESCO - Core	2,307,467			2.14%	2,272,982			3.09%	5.30%	14.44%	N/A	N/A
INVESCO - Fund II	75,738			N/A	-			N/A	N/A	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	2,394,697			2.49%	2,353,965			4.18%	6.77%	19.72%	20.09%	15.71%
J.P. Morgan Alternative Property Fund	545,451			0.50%	537,964			0.00%	0.50%	6.70%	N/A	N/A
TOTAL REAL ESTATE	5,323,353	10.3%	9.5%	2.10%	5,164,911	9.9%	9.5%	3.25%	5.42%	15.47%	20.09%	15.71%
NCREIF TOTAL INDEX				3.56%				3.56%	7.25%	17.24%	17.83%	14.30%
ALTERNATIVE INVESTMENTS												
Coral Partners V	11,413			-1.64%	11,052			-1.25%	-2.87%	-1.78%	-4.71%	-14.30%
Coral Partners V - Supplemental	1,365			-5.29%	1,580			-0.33%	-5.60%	8.49%	3.75%	0.86%
Coral Momentum Fund (Formerly Fund VI)	27,361			-4.08%	31,270			43.80%	37.93%	-16.26%	-8.10%	N/A
Brinson 1998 Partnership Fund	2,588			7.53%	2,738			6.31%	14.32%	31.02%	22.24%	11.25%
Brinson 1999 Partnership Fund	5,147			1.84%	7,107			8.83%	10.83%	19.95%	14.43%	7.53%
Brinson 2000 Partnership Fund	19,112			3.81%	20,182			12.46%	16.74%	13.52%	18.72%	9.86%
Brinson 2001 Partnership Fund	13,873			-5.15%	16,035			7.25%	1.72%	15.81%	13.02%	7.67%
Brinson 2002 Partnership Fund	7,235			-1.75%	9,060			7.77%	5.88%	11.10%	12.11%	11.95%
Brinson 2003 Partnership Fund	2,718			5.07%	2,836			-2.14%	2.82%	34.38%	19.70%	N/A
Total Brinson Partnership Funds	50,673			2.77%	57,959			8.74%	11.75%	16.34%	16.34%	10.08%
Brinson 1999 Non-US Partnership Fund	2,470			-0.20%	2,713			-15.34%	-15.51%	111.26%	57.67%	39.95%
Brinson 2000 Non-US Partnership Fund	6,763			3.76%	7,144			9.22%	13.32%	55.10%	34.26%	25.05%
Brinson 2001 Non-US Partnership Fund	4,497			4.45%	5,616			8.40%	13.22%	7.81%	14.42%	11.71%
Brinson 2002 Non-US Partnership Fund	9,980			4.69%	11,252			9.52%	14.66%	88.98%	43.24%	29.72%
Brinson 2003 Non-US Partnership Fund	8,901			8.33%	9,007			5.76%	14.57%	76.59%	33.38%	N/A
Brinson 2004 Non-US Partnership Fund	3,574			3.79%	3,775			7.85%	11.94%	23.98%	15.75%	N/A
Total Brinson Non-US Partnership Fund	36,184			4.91%	39,507			6.06%	11.27%	62.33%	35.68%	25.84%
Brinson BVCF IV	27,532			4.45%	28,902			9.99%	14.88%	-3.23%	10.47%	6.87%
Adams Street Direct Co-investment Fund	22,071			5.57%	15,458			-0.11%	5.45%	N/A	N/A	N/A
Matlin Patterson Global Opportunities	11,692			76.23%	7,273			-60.15%	-29.77%	10.95%	25.72%	N/A
Matlin Patterson Global Opportunities II	51,649			-0.54%	52,018			0.61%	0.07%	37.09%	N/A	N/A
Matlin Patterson Global Opportunities III	5,435			-2.74%	6,126			-15.88%	-18.18%	N/A	N/A	N/A
InvestAmerica	11,000			0.00%	12,059			18.49%	18.49%	13.96%	-2.58%	-5.68%
Hearthstone MSII	112			0.27%	0			0.00%	0.27%	-95.85%	-100.00%	-100.00%
Hearthstone MSIII	3,896			1.16%	5,741			18.89%	20.27%	208.65%	79.05%	N/A
Corsair III	14,651			-1.20%	5,952			14.87%	13.49%	N/A	N/A	N/A
Quantum Resources	6,304			-4.10%	5,926			-8.56%	-12.31%	N/A	N/A	N/A
Quantum Energy Partners	2,867			4.30%	3,013			-17.70%	-14.16%	N/A	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	284,204	0.5%	1.0%	2.48%	283,836	0.5%	1.0%	3.37%	5.93%	16.97%	15.16%	7.27%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	248,089	0.5%	0.0%	0.38%	702,344	1.3%	0.0%	0.68%	1.06%	5.25%	3.91%	3.00%
90 Day T-Bill				1.05%				1.34%	2.40%	5.21%	3.78%	2.76%
TOTAL FUND	51,683,141	100.0%	100.0%	-0.87%	52,088,081	100.0%	100.0%	1.08%	0.20%	17.02%	13.27%	12.12%
POLICY TARGET BENCHMARK				-0.15%				2.01%	1.86%	13.28%	9.19%	9.04%

NOTE: Monthly returns and market values are preliminary and subject to change.

- (1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.
- (2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.
- (3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.
- (4) Prior to June 1, 2006, the Tored properties were under the management of RMK.
- (5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.
- (6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.